

STANDARD PROCEDURE		PAGE: 1 OF 3	
ISSUED BY:	LEGAL		
EFFECTIVE DATE:	October 2, 1996		
PROCEDURE #	4.6		
SUBJECT:	"REVENUE POLICY STATEMENTS"		
DISTRIBUTION CODE:	A,B,C,E	CONTACT	Director -Tax Policy
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I. POLICY

It is the policy of the Cabinet to provide informed guidance for Kentucky Revenue Cabinet employees, tax practitioners, and the general public. Kentucky Revised Statute 131.081(1) mandates a tax education and information program as part of the Kentucky Taxpayers' Bill of Rights. Revenue Policy statements are a vital part of this effort. Revenue Policy statements are not authoritative but rather informative in nature, and are in no way intended to take precedence over existing laws or regulations.

II. PROCEDURE

A. Definitions

A "Revenue Policy" is an administrative statement issued by the Kentucky Revenue Cabinet (KRC). It is an informational discussion of some area of Kentucky tax law that merits further explanation. A Revenue Policy statement is a written documentation of a "statement of position" or an explanation of law by the KRC on a particular issue.

B. Source of Requests

The need for a policy statement may be recognized at any level within the KRC. The need is communicated to the Division of Tax Policy, where it is evaluated and documented. Considerations include taxpayer impact and educational needs, KRC employee needs, multiple requests for assistance and information on similar issues, clarity or ambiguity of laws and regulations, and any number of other factors.

C. Need for Policy Statements

1. For communication of information that provides educational assistance to taxpayers and employees;
2. When a tax issue generates a high level of taxpayer interest or concern;
3. For clarity when tax statutes are not clear or precise;
4. For details when adequate detailed information is not written into tax statutes;
5. For clarification when multiple interpretations may be drawn from laws; and
6. For the benefit of uniformity and consistency in tax administration in all areas of the KRC.

D. Sources

Information presented in Revenue Policy statements may be gathered from a number of sources. The following are the three (3) main sources: statutory law, administrative regulations, and case law.

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E.Format

The format for most Revenue Policy statements is question and answer, as follows:

ISSUE: Stated First

POSITION: Statement of the KRC

DISCUSSION: Section where the issue and position may be restated or explained, the validity of the position discussed, and adequate examples given.

REFERENCES: Finally, authoritative references are listed to applicable statutes, regulations and court cases.

F.Review and Refinement

Policy statements are drafted by the Tax Policy Division staff and distributed to the appropriate KRC legislative subcommittee members for their input. The draft must be approved by the Director of the Division of Tax Policy. After the draft has been approved, it is circulated to the Division of Legal Services and then to the Commissioner of the Department of Law for approval. It then is sent to the Commissioners for review by any impacted KRC divisions. These individuals are responsible for disseminating the draft within their areas. Comments, disagreements, and proposed revisions are directed to the Division of Tax Policy, where necessary refinements are made.

G.Approval Process

Upon final revision, the Revenue Policy statement, including all comments, is submitted to the Commissioner of the Department of Law for consideration and approval. The Commissioner of the Department of Law will return the policy statement to the Division of Tax Policy. If approved by the Commissioner, the Division of Tax Policy forwards the Revenue Policy to the Public Information and Communication Services Branch for publication and distribution.

H.Revision Process

A proposed revision to a policy statement may originate from any area or employee within the KRC if it is approved by the Section Supervisor, Branch Manager or Divisional Director. The request for revision must be in memorandum form and addressed to the Director of Tax Policy. A copy of the current policy statement with proposed revisions or recommendations must be attached to the request.

I.Publication and Distribution

The approved Revenue Policy is disseminated throughout the KRC; published in the KENTUCKY TAX ALERT; and published in the next update of the KENTUCKY TAX SERVICE. If the Revenue Policy statement concerns an area of interest to the general public, other means of publication and distribution including press releases, taxpayer mailings and public presentations are also utilized.

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All approved policy statements will be entered into the automated KRC Research Library by the Division of Tax Policy for access.

NO STANDARD PROCEDURE MAY BE REVISED BY ADDENDUM, MEMORANDUM OR ANY OTHER MEANS OTHER THAN THOSE SET OUT IN STANDARD PROCEDURE # 1.1 ENTITLED " CREATION, REVISION AND RESCISSION OF KRC POLICIES AND PROCEDURES"

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